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Letter No. 2334

October 15, 1987

USSR GRAIN
PURCHASES UP

USSR grain buyers had been relatively inactive in the world grain market since they purchased the 4 million tons of U.S. wheat in May under the Export Enhancement Program, according to the U.S. Department of Agriculture. However, in recent weeks reports were received of Canadian wheat sales of around 3 million tons and EC wheat and barley sales in the area of 1½ million tons. Total purchases from all origins are now believed to be close to 10 million tons. This is still behind the level of USSR grain purchases as of this date in recent years. The EC sales are reported to be predominantly feed quality wheat.

SOVIET CROP
ESTIMATE
INCREASED

The 1987 Soviet grain crop estimate was revised upward by 5 million tons to 210 million based on reported preliminary harvest yields and anticipated increased bunker weights due to the prolonged wet harvest conditions. According to the U.S. Department of Agriculture, production estimates increased as follows: Wheat, 2 million tons; barley, 2 million tons; and rye, one million. Estimated total area remains unchanged at 290 million acres. The Canadian sales were reportedly high quality milling wheat and durum with no feed wheat included in the deal.

SOVIET GRAIN
DEMAND TO
CONTINUE STRONG

Soviet grain utilization in 1987/88 is projected to total over 230 million tons, according to the U.S. Department of Agriculture. Grain for feed requirements at 130 million tons are expected to continue heavy as the USSR strives to meet the expanding demand for livestock products. Little is known about USSR grain stock levels or policies. Based on analysis of the USSR grain situation, the Soviets have added around 35 million tons to their grain stocks in recent years. These stocks could come into play in USSR grain import decisions if a larger than usual portion of the 1987 crop is not fit for human consumption.

USSR WHEAT
IMPORTS
UNCERTAIN

The estimate of the 1987/88 USSR wheat imports is surrounded with more than usual uncertainty. According to the U.S. Department of Agriculture, the 1987 USSR wheat harvest is projected at 80½ million tons, 13 percent below last year's harvest. In addition, harvesting difficulties have likely had an adverse effect on the quality of the 1987 crop. This could push up USSR import requirements for higher quality wheat.

EXPECTED USSR
IMPORT DEMAND

The total grain imports by the USSR in 1987/88 are currently projected by the U.S. Department of Agriculture at 28 million tons, including 17 million tons of wheat, 10 million coarse grain, with the balance consisting of rice, pulses and miscellaneous grain. Coarse grain imports of only 10 million tons would represent the third straight year of declining trade, primarily because three consecutive large crops have permitted the Soviets to reduce dependence on outside coarse grain supplies. In the past 2 years, the USSR has increased purchases of feed wheat at the expense of coarse grain, particularly U.S. corn.

WORLD WHEAT
PRODUCTION

The world wheat production for 1987/88 is estimated by the U.S. Department of Agriculture at 507 million 400 thousand metric tons, up 1 million 800 thousand tons, down 4 percent from last year's record harvest. U.S. production is estimated at 57 million 300 thousand tons, up 1 percent from last year. The decline is due to lower estimated yield. China production is estimated at 88 million 500 thousand tons, down 13 percent from last year. The increase is attributed to higher estimated yield. The European Community, 75 million 200 thousand tons, up 5 percent from last year. Canada, 26 million 100 thousand tons, down 17 percent. East Europe, 39 million 800 thousand tons, up 1 percent from last year.

WORLD COARSE
GRAIN PRODUCTION

The world coarse grain production for 1987/88 is estimated by the U.S. Department of Agriculture at 801 million 400 thousand tons, down 4 percent from last year's crop. The U.S. production is estimated at 217 million 500 thousand tons, down 14 percent from last year. The European Community production is estimated at 81 million 700 thousand tons, up less than 1 percent from last year. India, 23 million 500 thousand tons, down 16 percent. Canada, 24 million 700 thousand tons, down 4 percent. USSR, 114 million 500 thousand tons, up 8 percent from last year.

WORLD OILSEEDS
PRODUCTION

The world oilseeds production for 1987/88 is estimated by the U.S. Department of Agriculture at a record 202 million 800 thousand tons, up 4 percent from last year. U.S. production is estimated at 61 million 200 thousand tons, up 3 percent from last year. The world production for soybeans is estimated at a record 101 million 400 thousand tons, up 1 percent from last year. The U.S. soybean production is estimated at 53 million 600 thousand tons, up 1 percent from last year's revised estimate. The increases is attributed to a record estimated average yield of 34.2 bushels per acre.

U.S. PRODUCTION
FORECAST

The corn for grain production in the U.S. is forecast at 7 billion 140 million bushels, down 13 percent from last year, according to the U.S. Department of Agriculture. Soybean production is forecast at 1 billion 970 million bushels, 1 percent above last year.

WHEAT PROGRAM
SIGN UP
POSTPONED

Sec'y of Agriculture Richard E. Lyng announced that the 1988 wheat program sign up, scheduled to begin Oct. 19, was postponed because of uncertainties over legislation related to the fiscal year 1988 budget now before Congress. The new beginning sign up date for wheat and other 1988 farm programs will be announced as soon as it becomes clearer whether such legislation will be enacted.

WORLD COTTON
SITUATION

The world cotton production estimate for 1987/88 has been increased slightly by the U.S. Department of Agriculture to 77 million 700 thousand bales. U.S. production is now estimated at 13 million 300 thousand bales, up 490,000 bales from last month. Foreign production was revised downward to 64 million 400 thousand bales, reflecting reductions in the Soviet Union, Cameroon and Tanzania. World cotton consumption for 1987/88 is estimated at 82 million 600 thousand bales, reflecting a 200,000 bale increase in U.S. consumption to 7 million 700 thousand bales.

ASSISTANCE FOR
22 WATERSHED
PROJECTS

During fiscal year 1987, the U.S. Department of Agriculture approved twenty-two small watershed projects in 20 States and Saipan, to receive planning assistance under the Watershed Protection and Flood Prevention Act of 1954. Local SCS offices will provide project sponsors with such assistance as investigations and surveys necessary to develop plans. The projects are in: Alabama, Arkansas, Arizona, Delaware, Florida, Georgia, Iowa, Missouri, Kentucky, Louisiana, Minnesota, Mississippi, North Carolina, New York, Ohio, Michigan, Oregon, Pennsylvania, South Carolina, Washington and the Commonwealth of Northern Marianna Islands.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1584...(Weekly 13½ min documentary) Gary Crawford takes an indepth look at the international developments affecting U.S. farmers.

AGRITAPE/FARM PROGRAM REPORT #1573...(Weekly reel of news features) USDA news highlights; ASC committee elections reminder; Will the Soviets buy?; Acid mine drainage; Growing flowers as an alternative crop.

CONSUMER TIME #1065...(Weekly reel of 2½-3 min features) Preventing high school dropouts; A new obesity study; The food industry is fighting Listeria; Lawn time; The amazing artichoke.

USDA RADIO NEWS SERVICE...Tues, Oct. 27, Weekly weather and crop outlook; Thurs, Oct. 29, Rice stocks outlook; Oil crops outlook; Fri, Oct. 30, Economic indicators; Ag. prices. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Wester IV, Audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X
ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Friday 11:00 a.m. ET.

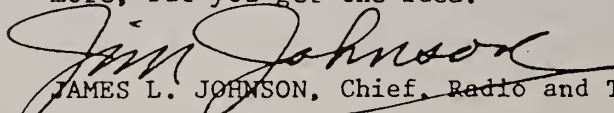
OFF MIKE

Brent Thompson is no longer at KWTO, Springfield, MO, and Ray Morgan has taken his place. Unfortunately, we haven't learned what Brent is doing now ... Nice note from Judd Wyatt, now retired but formerly with MFA Insurance and widely known for his almanac. He wrote to thank us for the Fact Book of Agriculture we sent him (still couple copies left, if you want one), and to pass along a nice column from the Columbia Daily Tribune in Columbia, MO. The column talked about Judd's project to determine how accurate football forecasters really are in their preseason football picks. He started tabulating results back in 1960 and in 1975 expanded to include a regional division in addition to the national predictors. This year he's tabulating 41, including 23 in the regional category. Nothing like being retired to be able to relax, sit back and do what you really enjoy! ... Dan Wilkinson has left WRNS/WFTC in Kingston, NC, and is now doing radio and television for the North Carolina

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U.S. Department of Agriculture
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Farm Bureau in Raleigh ... Back a couple weeks ago or so, we opened up our mail only to be greeted by the smiling face of Max Stewart (KXOK, St. Louis, MO). His picture was part of an article he wrote for the Country Comment feature of the Illinois Agri-News publication. In his comments, Max took exception to the efforts by individual commodities to put emblems, seals, or other identifying symbols on their product. He said, "Why can't all groups get together with an 'American Farm Product' seal ... one that would signify the product was produced with raw materials produced on American farms? Or perhaps taking it a step further and making it a real 'American' seal, it would have to be manufactured and produced by American labor." There was more, but you get the idea.


JAMES L. JOHNSON, Chief, Radio and Television Division